



# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## HIGHLIGHTS

April 16, 2014

### **Preservation and Disposal of Historic Properties**

Report Number SM-AR-14-004

#### **BACKGROUND:**

The U.S. Postal Service Office of Inspector General (OIG) issued two reports on the U.S. Postal Service's contract with CBRE Group, Inc. This report, which addresses the Postal Service's historic properties, is the third in a series evaluating Postal Service real estate management. We are also assessing the Postal Service's valuation of real estate transactions, including historic properties, in a fourth audit. This report responds to congressional inquiries about whether the Postal Service complied with the regulations to preserve historic features and the regulations to relocate retail services.

Because of financial challenges, the Postal Service sold 22 historic properties of more than 8,500 owned properties from October 2010 through June 2013. It reported to the OIG that, as of July 2013, it had 25 historic properties listed for sale and was considering selling another 28.

The Advisory Council on Historic Preservation promotes the preservation of national historic resources and advises the president and Congress on national historic preservation policy. The Postal Service volunteered to report the status of its historic properties to the council every 3 years. The council will address the Postal Service's compliance with historic preservation regulations in a separate report to Congress.

The Postal Service has the authority to dispose of historic properties but must follow certain regulations for preserving their historic features. Additionally, the Postal Service must follow certain regulations for relocating retail services from all properties regardless of whether or not the property is historic. The two regulations are independent of each other.

Our objective was to determine whether the Postal Service effectively managed the preservation and disposal of historic properties. We also assessed whether the Postal Service followed regulations to preserve historic properties and regulations applicable to relocation of retail services. We reviewed nine historic properties during this audit, including the Bronx, NY, and La Jolla, CA, post offices.

#### **WHAT THE OIG FOUND:**

The Postal Service did not know how many historic properties it owned or what it cost to preserve them, as required by the National Historic Preservation Act. It did not report the status of historic artwork to the National Museum of American Art, as required by Postal Service Handbook RE-6, *Facilities and Environmental Guide*, when it sold 10 historic post offices.

The Postal Service did not collaborate with the Advisory Council on Historic Preservation to improve its compliance with the National Historic Preservation

Act and did not submit its 2011 status report to the council. The council could help the Postal Service establish covenants to protect historic features and help secure covenant holders to monitor compliance with those covenants. Also, the council could help review public requests to participate in the preservation process. The Postal Service could also use the U.S. General Services Administration — which employs experienced real estate and historical preservation professionals — to assist in the preservation process.

The vice president, Facilities, who approves funding for the relocation of retail services and disposal, also issues the final determination letter after reviewing appeals raised during the process. This gives the appearance of bias. Three of the nine relocations were appealed and he denied all three appeals.

The Postal Service appropriately applied relocation procedures rather than discontinuance procedures for all nine properties we reviewed. However, officials did not post the public meeting notification 7 days in advance for one property, as required, and could not show documentation that it met the relocation requirements for two properties.

***WHAT THE OIG RECOMMENDED:***

We recommended management reconcile the properties listed on the National Register of Historic Places to the properties listed in the facilities management system, develop a process to track expenditures for preserving historic properties, and notify the National Museum of American Art about the 10 sold post offices containing

historic art. Management should collaborate with appropriate organizations to improve the transparency of historic property preservation and submit the 2011 status report to the Advisory Council on Historic Preservation.